

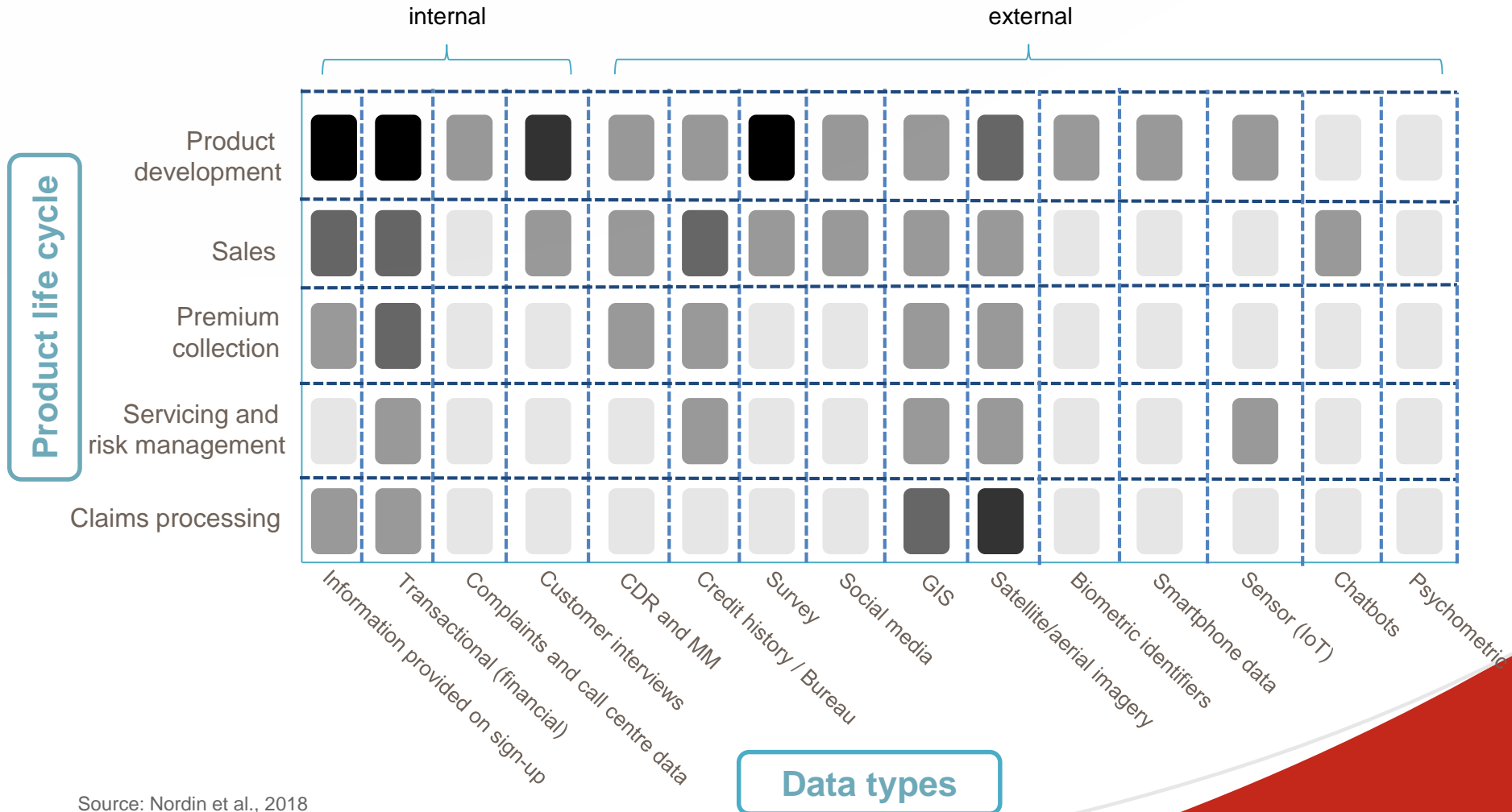
Insurance regulators' role in consumer data risk protection

Stefanie Zinsmeyer | May 2018 | Accra

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Technology has allowed businesses to **better understand** and **serve consumers** through the collection and analysis of big data.

Data types being used in emerging markets

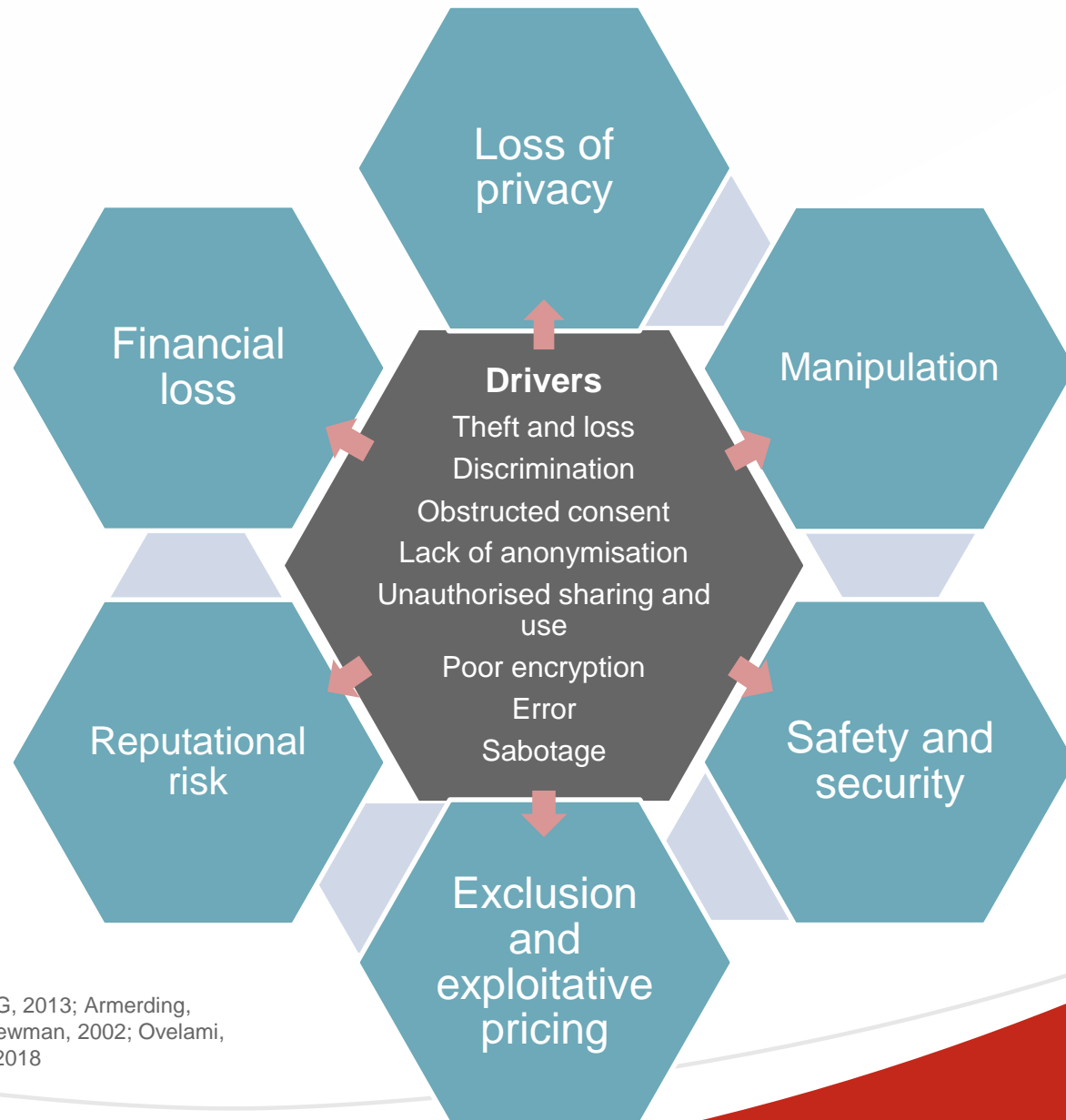


Source: Nordin et al., 2018

But how to balance the **potential value** against **emerging risks**?

Question for regulators: How to act and when to act?

Emerging risks to consumers from data use



Source: Based on AIG, 2013; Armerding, 2017; Isaca, 2012; Newman, 2002; Ovelami, 2014; Uydess et al., 2018

How is this relevant for insurance regulators?

- New data can open new markets for **underserved**.
- New data approaches allows more **targeted risk pricing** – risk pooling breaks down and risks excluding customers.
- **Data abuses** increasingly prevalent – data privacy, financial loss, reputational loss and manipulation of choice.

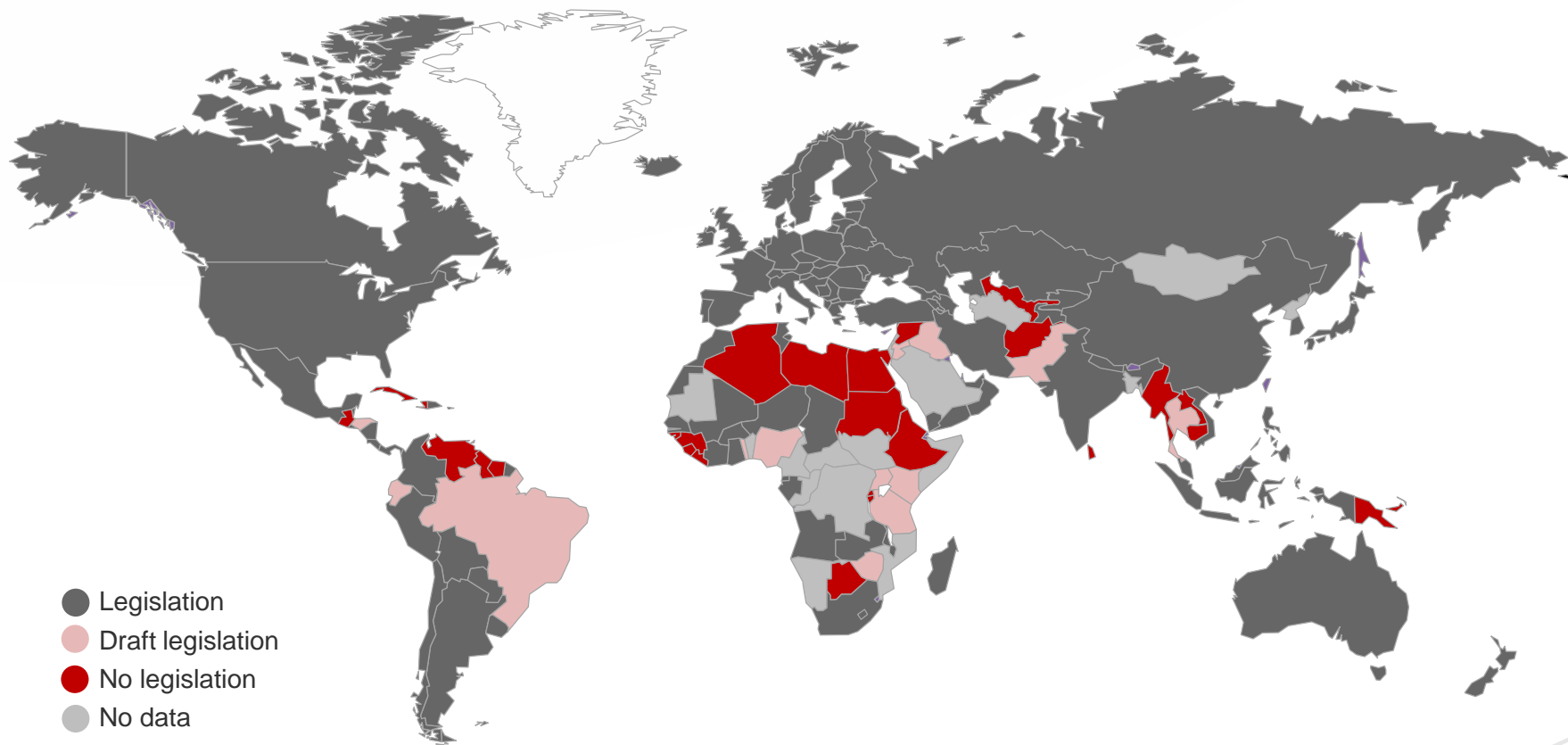
How urgent?

- Insurers already collect and store a lot of **sensitive personal** information on their customers.
- Partnership and **data sharing** common and set to further increase, e.g. health wearables, social scoring, social media, location tracking

It is important for regulators to understand and prepare accordingly

Data protection and privacy legislation worldwide

Percentage of UN countries with or without current or pending privacy legislation



Source: UNCTAD 2018

How are countries currently dealing with this?

Data protection regulatory approaches

No policy and no regulation

No constitutional protection of the right to privacy and no laws or regulation governing consumer data protection.

Policy but no regulation

Constitutional protection of the right to privacy exists but no laws or regulation giving effect to the right as it pertains to personal data

Sectoral regulation

Data protection regulation determined and created on sector-by-sector basis.

No overarching national or regional data protection legislation

E.g. USA, India and China

Omnibus regulation

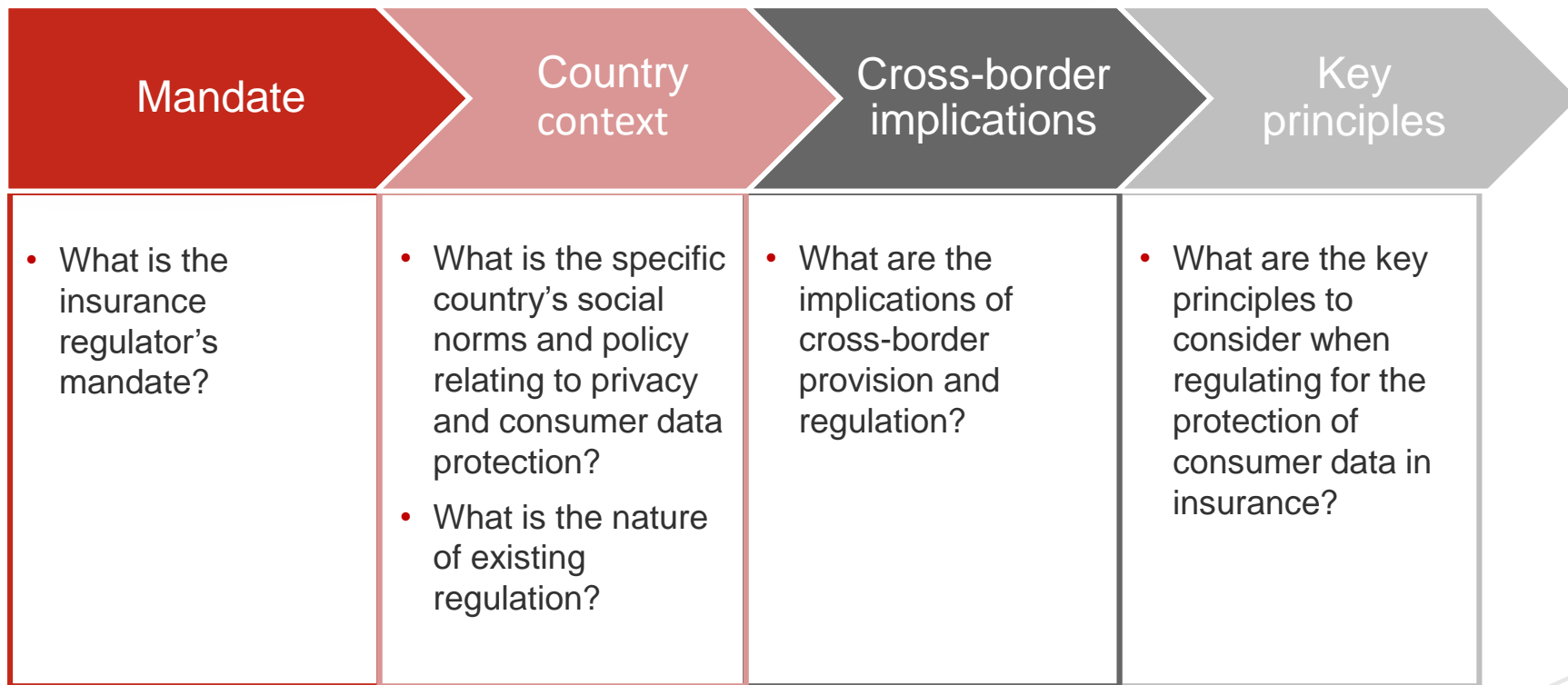
Overarching national or regional data protection legislation applies across sectors

May apply cross-border

E.g. EU, New Zealand and Argentina

What role can insurance regulators play in dealing with these consumer risks?

What are the key factors for the insurance regulator to consider?



Key principles

- ***Data-handling requirements*** e.g. restricting the collection of only certain specific data, only using it for a specific purpose and only storing it for a certain (specified) period.
- ***Informed consent requirements***
- ***Defining personal and sensitive data.***
- ***Reasonable use:*** use of consumer data only in the context of the use of the data for which consent was specifically provided, for the purpose of which the consent specified, and to the extent to which consent was given.
- ***Security mechanisms*** e.g. protection of consumer data by means of, for example, deanonymisation and encryption.

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